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RUEHZL/EUROPEAN POLITICAL COLLECTIVE

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SUBJECT: LATVIA SEEKS IMF AND EU ASSISTANCE, POSSIBLY SWEDISH AID

¶1. After the government's Cabinet meeting on November 20, Prime Minister Godmanis announced that Finance Minister Slakteris has been authorized to begin discussions with the IMF on a possible assistance program for Latvia. Andris Vilks, Chief Economist for SEB Bank, and an informal advisor to the PM, told us that a combined team from the IMF, European Commission, European Central Bank, Swedish Government and Swedish Central Bank was already in Riga for talks. Contacts at the Bank of Latvia confirmed that the government was currently meeting with the IMF, EC, and ECB, though they made no mention of Swedish involvement.

¶2. At this time we do not have details on the assistance requests. The Governor of the Bank of Latvia, Ilmars Rimsevics, has been unavailable for comment as the Bank's Board of Governors meeting has lasted long this afternoon. According to Uldis Rutkaste, Deputy Head for External Relations at the Bank of Latvia, no decision has been made on the size of the assistance requests, timing, or possible changes to Latvia's exchange rate policy, and he predicted that discussions would continue for at least a week. We will actively monitor progress and report details as they become available.

Larson